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C O N F I D E N T I A L SECTION 01 OF 03 ROME 001324

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SUBJECT: THE PRODI GOVERNMENT:LIMPING FROM SCANDAL TO  
INTERNAL SQUABBLE TO INACTION

REF: A. ROME DAILY REPORT (7 JUNE 2007)

- [1](#)B. ROME 0405 AND PREVIOUS
- [1](#)C. ROME 0877
- [1](#)D. ROME DAILY REPORT (11 JUNE 2007)
- [1](#)E. ROME DAILY REPORT (26 APRIL 2007)
- [1](#)F. ROME DAILY REPORT (14 JUNE 2007)
- [1](#)G. ROME 1305

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Classified By: Ambassador Ronald P. Spogli for reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (C/NF) PM Prodi has stumbled through a series of tight votes since his government nearly collapsed in February. Scandals, poor results in local elections and political stalemate have demoralized much of his coalition as both his left and centrist flanks talk of hardening their stance on issues dear to their respective constituencies. With the center-right showing signs of newfound unity and Prodi's coalition partners worried about their future, political handicappers are beginning to question how much longer the PM can stay afloat. END SUMMARY.

MAJORITY HOLDING BUT ATMOSPHERE TOXIC

[1](#)2. (C/NF) The center-left majority maintained coalition discipline on June 6 after a tough debate on the temporary suspension of Deputy Finance Minister Visco's Finance Police (GF) oversight responsibilities and the removal of GF commanding general Speciale (REF A). Speciale previously had denounced Visco for interfering in a GF investigation of a left-linked bank and the scandal has spilled into a related wire-tapping controversy affecting many additional center-left leaders. Though Prodi's coalition held in the vote, the press reported that intra-coalition bickering had created a "toxic" atmosphere of "distrust" inside a demoralized coalition. Minister of Infrastructure Di Pietro (IdV) and Minister of Justice Mastella (UDEUR) both threatened to split from the majority over the government's handling of the crisis, and a Communist Renewal (RC) official told Poloff that his party was greatly disappointed by Prodi's poor handling of the affair. A June 14 article in Corriere della Sera reported public support for the Prodi government fell to 34.2 percent, dropping six percentage points as a direct result of the scandal.

VISCO VOTE JUST ONE OF MANY TIGHTROPE WALKS

13. (C/NF) The Prodi government nearly collapsed in February when it lost support from two far-left senators for the government's foreign policy (REF B). With only a razor-thin two-seat majority in the Senate, the Prodi government has resorted to issuing government decrees and avoiding parliamentary battles whenever possible. Disunity in Prodi's nine-party coalition and the slim majority have combined to block progress on electoral reform, immigration reform, pension reform, civil unions and many other issues. A Forza Italia (FI) official in the Senate told Poloff that the government knows that it could "go under" on any particular vote if just a few majority senators are absent, so it prefers to steer clear of the Senate. She continued that the majority has technically fallen on several occasions but that the issues were not big enough to cause the government to collapse. A Northern League (Lega) spokesperson confirmed this to Poloff.

#### ADMINISTRATIVE ELECTIONS FAVOR CENTER-RIGHT

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14. (U) The ruling coalition generally suffers setbacks in administrative (local) elections. Though the ruling center-left was not routed, it performed poorly in May elections involving 12 million Italians voting for municipal and provincial leaders. The center-right continued to consolidate power in the North and in Sicily while the Democrats of the Left (DS) and Daisy parties, which will soon form the Democratic Party (REF C), posted particularly weak results. The center-left only narrowly escaped defeat in Genoa, a traditional center-left stronghold. Corriere della Sera reported June 14 that if national elections were held today, the Democratic Party would win only 24.6 percent versus 29.7 percent for Forza Italia.

#### NO-BUSH DAY FLOPS

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15. (C/NF) The far-left organized two separate protests for the visit of President Bush to Italy on June 9. One was organized by the three radical parties participating in Prodi's government: RC, the Italian Communist Party (PdCI) and the Greens. The other was organized by even more radical groups unsatisfied with the achievements of the three parties while in government (REF D). The RC/PdCI/Green-"No-Bush" rally was a dismal failure with only a few hundred protesters attending. Pictures of the empty protest square were widely broadcast on the evening news. Radical members of the center-left coalition were humiliated and, as one RC official told Poloff, they also ceded leadership of the peace movement to even more radical elements. As a result, one RC deputy announced his resignation and decision to join more radical elements, and RC Senate leader Russo Spina declared that RC now must be less accommodating with government moderates.

#### DISARRAY IN THE UNBORN DEMOCRATIC PARTY

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16. (SBU) The two parties forming the base of Prodi's government are the DS and Daisy. They announced to great fanfare and little enthusiasm in April that they would combine to form a Democratic Party (REF C), or PD. Initial conflicts on key social issues such as civil unions and relations with the Vatican have continued unabated, and the DS has already lost several key leaders who left in protest of the PD's creation (REF E). More controversial has been the question of PD leadership, an issue that remains open even if Prodi has been offered what appears to be a ceremonial presidency job. The PD will hold a constituent assembly October 16 when a leader should be selected--effectively taking over from Prodi the position of center-left leader. While Prodi cited the PD's formation as a key factor necessary for the stability of his government in

a speech one year ago, most analysts say the PD, and the question of its future leadership, has weakened Prodi by encouraging politicians to look beyond him.

#### MASTELLA GRUMBLING AND THE CENTER-RIGHT CLOSING RANKS

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¶7. (C/NF) The June 14 Corriere della Sera quoted Mastella saying that the government is "slowly dying" and that he is thinking of "pulling the plug before the radical left does so," unless the government agrees on and implements a few (unspecified) points. Alternatively, Mastella foresees an institutional government and new elections in the spring of ¶2009. His Diplomatic Advisor recently told Pol M/C that Mastella is worried the government will implement electoral reform, diminishing the importance of his already small party (REF F). Mastella recently told the Deputy Secretary of State that his party was "determinative" and he could bring the government down (REF G). An RC official told Poloff June 13 that Mastella might be preparing to do just that and cited UDEUR's uncooperative behavior in parliament as evidence.

¶8. (C/NF) When the Prodi government nearly fell last February, each party leader from the center-right opposition visited President Napolitano separately, highlighting their disunity. Former PM Berlusconi, National Alliance (AN) leader Fini and the Lega's Bossi announced June 13 they would jointly visit Napolitano June 20 to explain how the weak Prodi government was damaging Italy (REF F). Though Union of Christian Democrats of the Center (UDC) leader Casini will not be joining them, this newfound unity has many speculating whether the center-right has settled on an after-Prodi scenario. Angelino Alfano, an FI Deputy close to Berlusconi, told Poloff in late May that internal polling indicates that center-right parties FI, AN, and the Lega would have sufficient votes to win political elections without the UDC.

¶9. (C/NF) COMMENT: Prodi's government has failed to get back on its feet after stumbling badly in February on a foreign policy vote in the Senate. It has limped from scandal to internal squabble to non-action. Given its thin majority and constant infighting, any issue has the potential to bring down the government, but electoral reform, with its potential to marginalize current coalition members, will be the most difficult for Prodi to tackle. Moreover, both ends of Prodi's coalition, the radical-left and Mastella, have said it is time for each to toughen its negotiating position, making Prodi's job as the great conciliator that much more difficult. There is a sense here, in short, that the Center Left government could well perish in the coming year, but there is no clear sense yet of exactly how that will happen and what would take its place. END COMMENT.

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